

**GCC-IV
ENVIRONMENT COMMITTEE REPORT SESSION
SCOPE PAPER**

I. Objectives

At GCC-IV we hope to accomplish the following:

1. Conclude and sign a bilateral Arctic Pollution Agreement;
2. In consultation with the Energy Policy and Business Development Committees and with U.S. petroleum industry, make progress toward a solution of the infrastructure problems that gave rise to the oil spill in the Komi Republic;
3. Sign a Joint Statement on Sustainable Management of Russian Natural Resources;
4. Adopt a Joint Statement on Conservation of Biological Diversity;
5. Heighten commitment to improved public health outcomes in implementing the environmental technical assistance projects already under way in Russia, and if possible, announce (in tandem with the Health Committee) a small but visible initial activity in the area of environmental health and risk assessment;
6. In the wake of Russian ratification of the Framework Convention on Climate Change, signal U.S. interest in a bilateral Climate Partnership, including a "Joint Implementation" initiative under the Convention;
7. Maintain progress on the Murmansk low-level radioactive waste initiative and sustain Russia's undertaking not to resort to ocean dumping of liquid rad waste, as expressed during the September 1994 Clinton-Yeltsin Summit;
8. Encourage continuation and/or expansion of environmental contacts between the U.S. and Russian defense communities;
9. Develop support on the Russian side for an OECD "environmental review" of Russia within the next several years as a way of enhancing the GOR's willingness to meet its environmental commitments after foreign assistance funds have been exhausted.

II. Overview and Status of Key Issues

The third Environment Committee meeting took place in Moscow November 2-4. EPA Assistant

Administrator William Nitze led a U.S. delegation representing EPA, USAID, and the Departments of State, Defense, and Interior. The report of that meeting will be available at GCC-IV in both languages.

A. Key Issues

New Bilateral Arctic Pollution Agreement. Originally proposed by PM Chernomyrdin one year ago, the importance of a separate Arctic pollution agreement was heightened by the Administration's new policy on the Arctic and Antarctic regions (PDD/NSC-26 of 6/9/94), by Russian agreement to voluntarily observe the London Convention ban on ocean disposal of rad waste, and by the recent large oil spill in northern Russia. The Russian side also accepted our preference for an agreement that focuses on Arctic pollution in general, rather than singling out radioactive contamination. Consensus on the text of the Agreement was tentatively reached at the Environment Committee meeting in early November; at this writing, the Russian side has yet to confirm its acceptance of that text.

Komi Oil Spill. Although the actual scope and urgency of the terrestrial oil spill in the Komi Republic is still unclear, conservative commentary in the Russian press has already sought to associate the problem with irresponsible American commercial practices. At the same time, the Russian government is highly sensitive to the negative publicity that has surrounded this issue. Moscow has not yet requested U.S. bilateral assistance in dealing with the spill, though Komi Republic authorities have approached outgoing Alaska governor Hickel (in his capacity as Secretary-General of the Northern Forum) on this score, and an international team (including U.S. experts) has been invited to visit the site under U.N. auspices. Estimates vary regarding the likely environmental impact of the spill by the spring thaw. Some analyses suggest little oil will escape into the Arctic Ocean; others indicate that oil has already reached the Pechora River, which flows into the Arctic Ocean. Beyond the near-term need to recover and isolate the spilled oil, U.S. policy must address whether and how the spill will affect prospects for American oil firms in the region; this in turn may depend on the firms' willingness to participate in a long-term solution to the problem of Russia's aging oil transport infrastructure. On the U.S. side, three GCC Committees (Energy Policy, Business Development, and Environment) should work together on this issue; on the Russian side, the Ministry of Fuels and Energy appears to have been given the lead. The U.S. could offer limited technical advice and engage the interests of American oil firms.

Sustainable Management of Natural Resources. The unfortunate situation in Komi, as well as the accelerated exploitation of large tracts of forest land in the Russian Far East, point up the urgency of a more environmentally responsible approach to the development of Russia's renewable and non-renewable natural resources. At the same time, this transition must not prejudice American commercial interests; on the contrary, it should enhance the competitiveness of U.S. firms who have successfully internalized the environmental costs of doing business. The Joint Statement proposed by the U.S. side is designed as a first step toward a broader international consensus on this issue.

Biological Diversity. Related to the preceding point is the continuing importance of safeguarding habitat and avoiding species loss in commercially vulnerable regions of Russia. The U.S. side's report at GCC-IV/Environment Committee will highlight ways in which FREEDOM Support Act (FSA) funds support specific efforts in this area. A proposed Joint Statement on Conservation of Biological Diversity also seeks to encourage ratification by the federal legislatures of both countries of the Biodiversity Convention arising from the 1992 Rio Conference.

U.S. Environmental Technical Assistance. Implementation of the U.S. assistance program is under way in at least six regions of Russia: Volgograd (air quality), Moscow region (drinking water quality), Nizhnii Tagil and Novokuznetsk (industrial pollution), the Lake Baikal watershed (sustainable land use and development), and Khabarovsk/Primorski regions (forestry and biodiversity). As these local and regional projects develop, they will present issues and problems that were dealt with previously at the national level. One example might come from Nizhnii Tagil: designation of environmental emergency zones, especially the criteria for such designations and funding approaches for such zones. Another example might relate to air quality: consideration of technology-based standards and problems of mobile-source air pollution. We are working with the Ministry of Environment to identify and initiate joint work on such problems. [Materials depicting status of each project will be attached.]

Environmental Health. It is critical that federal and sub-federal entities in Russia agree on a uniform, risk-based methodology by which scarce public funds can be allocated to environmental mitigation that provides the greatest improvement in Russia's alarming public health crisis. This area of cooperation has been discussed under both the Environment and Health Committees and appears to have promise, though a substantial institutional disconnect will need to be overcome on the Russian side, and no new FSA funds can be expected on the U.S. side.

Russian Implementation of International Agreements. In October of this year, the Russian Parliament ratified both the Framework Convention on Climate Change (FCCC) and the Basel Convention on Transboundary Movement of Hazardous Wastes. While politically significant, further technical advice from the U.S. and other Western countries will be required if these parliamentary actions are to have practical impact in Russia. At GCC-IV, the two sides will formalize plans for activities in the first half of 1995 that will substantially augment U.S.-Russian interaction under the Climate Convention. In addition, Administrator Browner will announce additional EPA support for U.S. industrial experts to help Russian factories find alternatives to ozone depleting substances as mandated under the Montreal Protocol.

Murmansk Rad Waste Project. Another initiative related to the new U.S.-Russian collaborative agenda in the Arctic is the U.S.-Norwegian effort to upgrade Russia's only existing treatment plant for low-level radioactive waste water, located in the northern port city of Murmansk. This project was the only environmental action item to be included in the proceedings of the September 1994 Clinton-Yeltsin Summit. At GCC-IV, the two sides will undertake to complete the design phase of the project by spring 1995, at which time a decision will be taken

on whether to begin actual construction, and if so, how construction costs will be financed.

Bilateral Consultations on Defense Ecology. Both sides will encourage the expansion of contacts already begun between the U.S. Department of Defense and the R.F. Ministry of Defense on the role of the respective militaries in ecological protection on and near military installations and activities. This effort is particularly important in that much ecological damage in Russia results from military activities. Furthermore, defense environmental cooperation is one of the best paths to civilianize the Russian military.

Expanding Russian Access to Western Environmental Fora. We will offer the Ministry of Environment the opportunity to participate as an observer in the current OECD environmental performance review of the U.S. The goal is to stimulate a subsequent OECD environmental performance review of Russia, which in turn would help focus international attention on the GOR's need to finance its environmental needs after Western assistance programs have ended. We also intend to suggest Russian participation in next spring's G-7 Environmental Summit, to be hosted by the Canadians.

B. Successes and Problem Areas

The R.F. Ministry of Environmental Protection has proven to be a serious, effective interlocutor on issues of biodiversity conservation and sustainable resource management. The successful implementation of previously defined technical assistance projects in this area promises to be one of the most noteworthy successes of the GCC process. Similarly, the Russian side has largely acceded to our approach in finalizing the Arctic Pollution Agreement and has been forthcoming in undertaking to adhere de facto to the London Convention ban on ocean disposal of radioactive waste while the Murmansk project is under way. The GOR deserves kudos for supporting parliamentary ratification of the Climate Convention despite Russia's ongoing economic crisis. On the other hand, there appears to be great need for more health risk-based decision-making at all levels of Russian environmental policy. There is also lingering confusion within the Ministry of Environment concerning GCC initiatives that are partly environmental in substance but are distinct from the Environment Committee agenda (e.g., Russian ETF, GLOBE). Problems in center-periphery relations continue to limit bilateral cooperation--most recently, in the unwillingness of Komi authorities to support a U.N. team invited by the Russian Civil Defense Ministry to assess the oil spill situation.

C. Priorities for the Future

Implementing specific activities under the proposed Arctic Pollution Agreement will be a major new focus of attention under the Environment Committee; work on the Murmansk initiative, the Beringia Heritage International Park, and the Komi oil spill are all relevant. Pollution impacts on public health and health-based risk assessment will also receive additional attention within the limits of available resources. Both sides will strive to identify a "joint implementation" activity as outlined in the U.S. Climate Change Action Plan. Looking to the likely end of foreign assistance

funds for Russia by 1998, EPA will encourage a review of environmental research collaborations with Russia and an assessment of the most promising areas of mutually beneficial environmental R&D cooperation.

III. Key Points

- Congratulate the Environment Committee for successfully concluding a bilateral Arctic Pollution Agreement and underscore its symbolic importance as testimony to the end of the Cold War. [NOTE: At this writing, the Russian side has not formally confirmed its acceptance to the text of the as tentatively agreed earlier this month in Moscow.]
- Encourage a comprehensive solution to the problem of Russia's deteriorating energy infrastructure (as exemplified by the Komi oil spill) involving public and private sector players from both countries.
- Welcome Russia's ratification of the Framework Convention on Climate Change and voice optimism on prospects for further bilateral cooperation related to implementation of the Convention.
- Urge continued progress, with other interested countries, toward Russia's formal adherence to the London Convention ban on ocean disposal of rad waste.
- Underscore the importance of environmentally sound, sustainable management and use of Russia's natural resources, both for her own economic future and for the ecological well-being of the entire globe.
- Stress the importance of paying more explicit attention to the relationship between environmental and public health outcomes in defining and executing cooperative projects.

IV. Desired Outcome

- Signature of a bilateral Arctic Pollution Agreement.
- Signature of a Joint Statement on Sustainable Management of Russian Natural Resources.
- Adoption of a Joint Statement on Biodiversity Conservation.
- [Agreement to explore informally options for involvement of the U.S. private sector in resolving issues related to the Komi oil spill.]

12/12/94